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November 3, 2009

Paul Baker
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, UT 84114-5801

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DIV. OF OIL, GAS & MINING

Paul Baker:

Re: Closure Plan for 1280 Vent La Sal/Snowball Permit Number M/037/026

On June 29, 2009 Denison was performing vent hole maintenance near the Beaver Shaft 1280 vent hole, located *on private land* in the northwest corner of Section 2, Township 29 South, Range 24 East, San Juan County, Utah. This vent hole is permitted and bonded under the La Sal/Snowball Utah Division of Oil, Gas and Mining Permit Number M/037/026. This permit also includes surface disturbance activities for the Beaver Shaft.

The original 1280 vent hole had collapsed, and vent hole maintenance activities in the past have required Denison to drill a new vent hole (within existing land disturbance) adjacent to the old vent and then reclaim the collapsed vent hole. Vents are installed by drilling an 11-inch pilot hole from the surface, and then up-reaming with a 6-foot drill bit attached to what is called a "raise bore machine". The raise bore machine crew was in the process of reaming the 6 foot hole and were within 75 feet of the ground surface (see attached figure) at approximately 3:00 pm. At this time, the raise bore machine operator noticed the drill and pad begin to shift and settle into the ground surface. The crew stood clear and the operator began to shut down the equipment. Once all men were clear of the machinery, the drill, drill pad, rod rack and four rods continued to sink slowly into the bore hole. Currently, the drill is estimated to be 70 feet below ground surface with the 75 feet of rods and the 6 foot drill bit/reamer head attached.

The opening on the ground surface is approximately 28 feet by 18 feet, and the surface soil type is sand and gravel mix. The cement pad to which the drill was anchored was 15 feet by 15 feet and 26 inches thick. The drill is totally covered with material and the material is approximately 65 feet below the surface. The area has been barricaded and secured.

An estimated 25 gallons of Chevron EP 68 and 15 gallons of Chevron NL 220 oil were in the gear box and hydraulic cylinders. There is a potential for perched groundwater to be present between approximately 300 and 320 feet below ground surface. During drilling, a minimal amount of water was encountered in the pilot hole for this ventilation shaft; however, due to the small volume, Denison assumed it was water from the drilling operation. If water was determined to be present, the location of the small amount of fluids would be well above the water table in the dry vadose zone. In addition, should any of the oil leak, *it is unlikely* that this

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volume of material would constitute a source of contamination, and *it is likely* that the potential spillage would seep into the mine workings below the area.

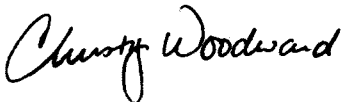
Denison has worked with Allianz Global Corporate and Specialty insurance company to evaluate and determine the best course of action to either; a) remove the raise bore machine and equipment with a crane, or b) excavate the machine for recovery, or c) bury the raise bore machine in place. The removal of the equipment with a crane was determined to be unrealistically expensive. Excavation of the machine would be unstable and would create a large amount of surface disturbance due to the depth of the machine. Therefore, the alternative chosen by Denison and Allianz Global Corporate and Specialty insurance company is to securely close the hole with the equipment in place.

Denison will close the drill hole by backfilling the hole with granular fill material, providing a 3 to 5 foot thick concrete pad extending approximately 5 feet outside of the existing hole diameter (total diameter of 30 feet over the approximate 25 foot hole) and then covering the area with 2 feet of topsoil. Denison will seed the area with the UDOGM approved seed mix. Gravel fill material will come from either the County owned gravel pit, located less than 5 miles away from the site. A schematic of the closure process is attached.

Denison has a corporate environmental, health and safety policy which we continually strive to improve through diligent observance of all safety policies. In the 50 years in which Denison's staff has been mining on the Colorado Plateau, this incident was unpredicted and unprecedented. It is unlikely that an event of this magnitude would occur again in the future. Denison believes that the machine operators did an excellent job of responding safety throughout the incident and is extremely relieved that no one was hurt. The Mine Safety and Health Administration's Salt Lake City Office was immediately notified of the incident and, although not directly under their jurisdiction, they have been involved throughout the process.

A new drill hole will not be installed to replace this hole. Although you were notified over the phone of this incident, Denison would like to come and meet with you and your staff to discuss this incident at your earliest convenience. Please feel free to call me directly if you have any questions or need additional information. Thank you.

Sincerely,



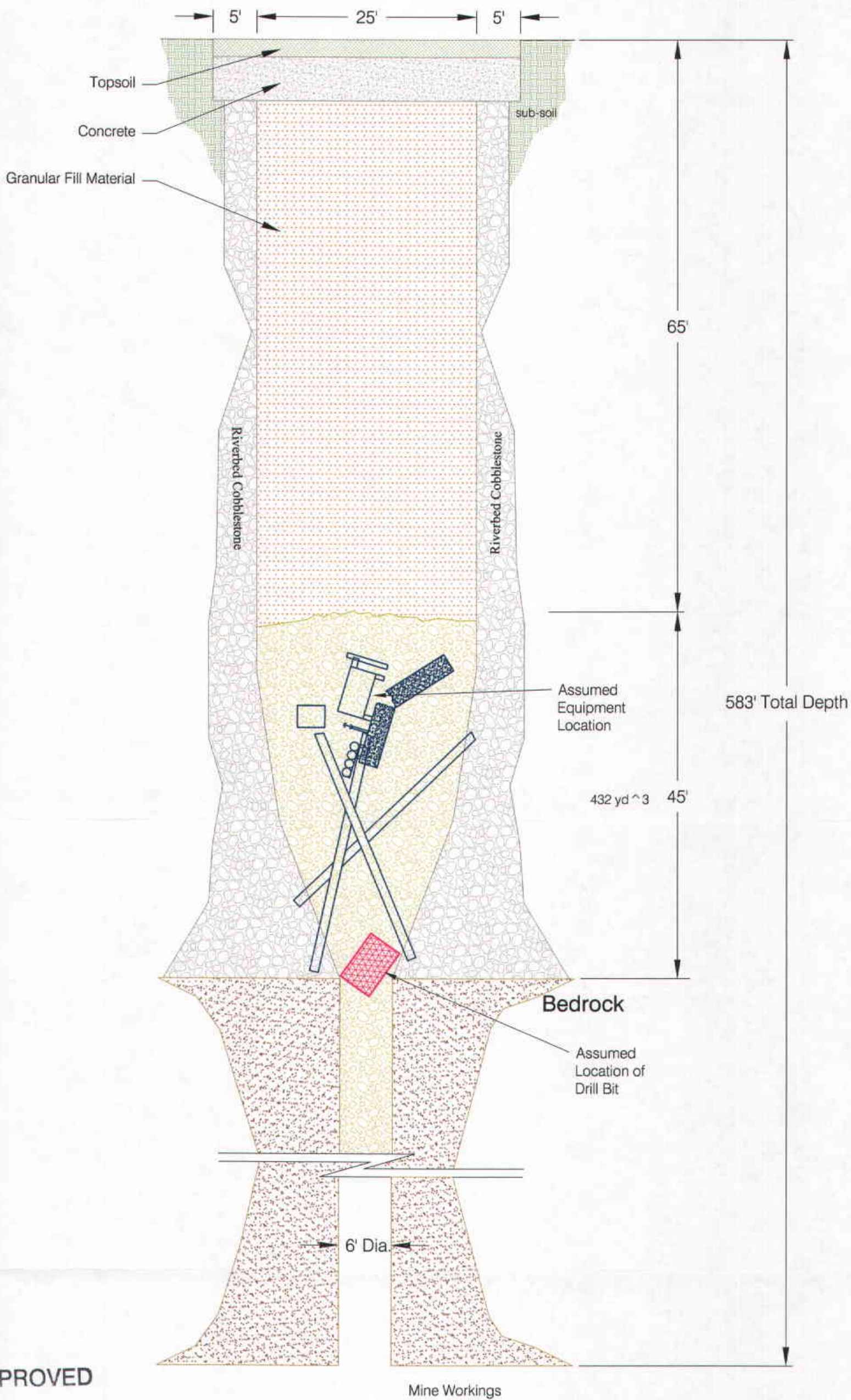
Christy Woodward, PE
Environmental Coordinator
DENISON MINES (USA) CORP.

Cc: Denison File
Tom Muntz, Utah Division of Oil, Gas and Mining
Terry Wetz, Phil Buck, Jim Fisher, Denison Mines (USA) Corp.

Attachments.

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MATERIAL	DEPTH (ft.)	AREA (sqft)	VOLUME (ft ³)
Granular Fill	65	491	31915
Concrete	3 - 5	962	2886-4810
Topsoil	2	962	1924

Denison Mines (USA) Corp.			
Project: Beaver Shaft Mine			
REVISIONS	County: San Juan	State: Utah	
Date	By	Location:	
1280 Ventilation Shaft Ground Failure			
June 29, 2009			
Scale: No Scale	Date: June 30, 2009		
Author: S. McCourt	Drafted By: S. McCourt		

This page is a reference page used to track documents internally for the Division of Oil, Gas and Mining

Mine Permit Number M/037/0026 Mine Name La Sal / Snowball
Operator _____ Date Approved Dec 14 2009
TO _____ FROM _____

☐ CONFIDENTIAL ☐ BOND CLOSURE ☐ LARGE MAPS ☐ EXPANDABLE
☐ MULTIPUL DOCUMENT TRACKING SHEET ☐ NEW APPROVED NOI
☐ AMENDMENT ☐ OTHER _____

Description YEAR-Record Number

☐ NOI ☐ Incoming ☒ Outgoing ☐ Internal ☐ Superceded
Approval letter Dec 15 2009 2009-0003

☐ NOI ☒ Incoming ☐ Outgoing ☐ Internal ☐ Superceded
Approved Closure Plan 2009-0014

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ TEXT/ 81/2 X 11 MAP PAGES ☐ 11 X 17 MAPS ☐ LARGE MAP

COMMENTS: _____

CC: _____